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**** It is proposed to publish from time to time in Lloyds Bank Monthly Review signed articles by economists of standing, affording opportunities to exponents of different theories to state their case. The Bank is not necessarily in agreement with the views expressed in such signed articles.*

National Economy

By Norman Crump

THE August issue of LLOYDS BANK REVIEW contained a trenchant article by Mr. W. A. Appleton, Secretary to the General Federation of Trade Unions, which he concluded by saying "Taxation has its recognised uses, and among these may be wisely administered redistribution of wealth. When taxation extinguishes capital, limits industrial production, disheartens enterprise and exploits credit to the point of collapse it is time, particularly in the interests of the industrial producer, to call a halt, and to make the call with the peremptoriness of the drill sergeant."

The wide-spread attention which this article received shows that there is in the country a very real feeling that we are living beyond our means, and that many proposals, possibly commendable and justifiable on their own merits, ought under present conditions to be subjected to the acid test which we all have to apply in our daily lives, namely, "Can we afford it?" I realise to the full that there is a general belief that economy is an unpopular subject, and that Parliament is unable to enforce a reduction of expenditure, and no recent Parliament or recent Government has an adequate defence against that charge. I feel, however, that the fundamental cause of the failure of economy to possess any popular appeal or to be dealt with effectively in Parliament is that few of its advocates have so far got to grips with the problem, or have attempted to examine it in detail. Thus my task is rather to consider the practical aspect of the question, namely, what economies can be effected, how they can be effected, and what will be the

actual savings that will result. And I enter upon this task with three broad mental reservations. The first is to avoid generalities and sweeping statements. The second is to subject every proposal, so far as an independent observer can do so, to the test of arithmetic. And the third is to recognise that national economy, like every other issue of the day, is a question upon which there is something to be said on both sides.

I can illustrate the significance of these reservations by two very simple examples. First of all, take the attack that is often made in a vague way upon the civil service. Allegations of "redundant" and "over-paid" officials, performing and creating "useless work" are often heard in certain circles, and a contrast is also drawn between the "business" methods of an industrial undertaking and the dilatory methods of a Government department. Now I agree that an investigation into the possibilities of economy should include a rigorous scrutiny into national administration, and indeed I have made a detailed attempt to do so in the course of this examination. I would, however, point out that the total salary bill of the Civil Service, including the Post Office, comes, so far as I can determine it, to only £63,613,900. If, to take a case so extreme as to be inadmissible, the Government dismissed without warning or pension one-quarter of the civil service, and reduced the salaries of the remainder by 10 per cent, the total saving would be only £20,000,000. There is thus a definite arithmetical limit to the fruits arising from economy in administration.

The second example is that of the Housing Subsidy, which was shown in the current year's estimates as £11,800,000. The important point to remember is that its basis is so many pounds per house *per annum*, for a term of years. Thus the bulk of this sum represents the annuities now being paid upon houses already built. Even if it was decided that henceforward no new subsidised houses should be built, the old houses would still rank for subsidy, and so practically all this £11,800,000 would remain a charge upon the national revenue. Moreover the sudden suspension of the housing programme would throw large numbers of men out of work and onto the already bankrupt unemployment insurance fund. This example shows the type of obstacle that arises in practice in the path of the searcher for economy, and also makes it clear that in this as in other issues, we must be careful that the balance of advantage is upon our side.

The truth is that in order to economise, we must do two things. Firstly, we must "cheese-pare" all along the line. This is essential, but the final result will be of limited dimensions. Next, if we wish to save "big" money, we must attack the big items. Taking the original estimates for 1930-31, out of the total of £417,900,000 for the supply services (excluding self-balancing expenditure), no less a sum than £371,800,000 is accounted for by thirteen large items alone.

These are to be found in the following list, in order of magnitude :—

Item.	£ million.
Education	52·7
Navy	51·7
War Pensions	51·6
Derating Grants	44·5
Army	40·5
Old Age Pensions	36·5
Unemployment Insurance	26·5*
Air Ministry	17·8
Revenue Departments	12·1
Housing Subsidies	11·8
Police (National Share of Cost)	10·4
Widows' and Orphans' Pensions	9·0
National Health Insurance	6·7

This list not only defines the main objectives of the campaign, but shows the practical obstacles to be overcome. It is necessary to face these squarely, and for every advocate of economy to realise that any attempt to ignore them only harms his cause.

There are five groups of obstacles to be overcome.

(a) *Past commitments and questions of national good faith.*—Time and time again in my examination of the estimates, I found items which on their own merits called for reduction or extinction, only to discover that the Government was irretrievably pledged to them. The housing subsidy is an obvious example, for reasons explained above. A strong case on these lines can be made out for the sugar beet subsidy, even though later on I have listed it for abolition. There are numerous annual grants, made in past years, and on the strength of which the recipients have already spent money and raised loans which are still outstanding. Pensions and Health Insurance are other examples. Even though the

* This is the original estimate for 1930-31. To it should be added the £10·5 millions supplementary estimate presented two months ago, and also the year's deficit on the fund. But the whole question is discussed later.

purchasing power of the pound may be appreciably greater than it was when existing scales of payment first came into force, it would be impossible to make reductions without incurring the charge of a breach of faith. It would be just as easy (or difficult) to use the same argument in support of a forcible scaling down of the interest payable on the National Debt.

(b) *The Unemployment Factor.*—Economy in the long run means displacement of labour. It is easy to imagine cases where it would be a poor economy to dismiss a man from performing productive work and make him a charge on the unemployment fund. This question also arises in connection with all the proposals for the State inspiration of new undertakings, and in general each case must be considered on its merits, and an impartial attempt made to determine the side on which the balance of advantage lies.

(c) "*Productive*" *Expenditure.*—This question is akin to the last. There is a definite and strong case to be made out for such enterprises as slum clearance schemes, and the improvement of means of transport—even though the execution of such schemes may involve a temporary charge upon the revenue. Here again the balance of advantage must be impartially determined, though it is fair to throw into the scales the general objection to heavy expenditure and an excessive burden of taxation. A point that might receive consideration is that where new works are undertaken in a depressed area with the express object of relieving unemployment, the wage payable for such work should be that current for the chief industries of the district. I can see no equitable objection to this, and it might mean that the expenditure of a given sum of money would provide more people with work.

(d) *Economy and* "*Policy*"—As the list of "big" items given upon a previous page shows, no real economy can be effected unless substantial changes in policy are accepted by Parliament and the nation. Put in more practical terms, economy demands fresh legislation, mainly to reverse or whittle down previous decisions of Parliament. Education, national defence, the derating scheme, and unemployment insurance are all cases in point, as also are the new proposals of various kinds now coming before Parliament.

(e) *Administration.*—This embraces several allied problems. Firstly, there is the whole question of the way in which the

national accounts are presented. No one can tell definitely from the estimates the real burden of unemployment insurance, for officially it is met in part by "borrowings" from the Exchequer. No clear distinction is drawn in the estimates between current expenditure and that on capital account. In short, no one can have a definite idea of what the problem means.

Secondly, there is the question of the rival claims of the ratepayer and taxpayer. It is no help to transfer part of the burden from the latter to the former, and it must never be forgotten that the taxpayer possesses the broader shoulders of the two. This may appear a self-evident fact, but during my examination of the estimates, I found that there was a real danger of falling into this particular trap.

Finally comes the question of *personnel*. It is no economy to close down some particular form of activity, if the only result is that the officials engaged on it have to be found other jobs. It must be remembered that a large number of civil servants are "established," and cannot be turned off at a moment's notice. There is a case to be made out for accelerating retirements upon pensions and for restricting fresh entries, but it must be recognised that this may demand legislation, and that here again the balance of advantage must be proved. The reduction of staff, however necessary, cannot be executed without careful consideration or by a mere stroke of the pen.

I thought it right that before I came to my definite suggestions, I should outline with some care the difficulties of the problem. I must repeat that vague generalities or the ignoring of essential factors do harm rather than good to the cause of economy. Like every other issue, the determining factor is the balance of advantage.

Even so, it is fair to point out here that there are definite limits to the amount that can be raised by taxation, and that if the rate of a given tax be raised beyond a certain point, the yield may contract and not expand. Some authorities hold that this point has nearly if not quite been reached in respect of income tax. If these views are correct—and I confess I am not in a position either to endorse or refute them—it means that some of these obstacles, however insuperable they appear, must be boldly faced.

I come now to my proposals. I began by taking, in the original estimates for 1930-31, every vote of over £500,000—

and these in the aggregate account for all but £11,700,000 of the supply services—and dividing them into seven main categories, as below :—

(*a*) Services to be subjected to a general revision.

(*b*) Services to be subjected to special revision, as well as a general revision.

(*c*) Services to be abolished.

(*d*) Services to be left untouched.

(*e*) Services to be absorbed by other existing services.

(*f*) Revenue Departments.

(*g*) De-rating.

In addition to this list there are considered at a later stage the residuum of the supply services, Consolidated Fund Services, interest and sinking fund on the National Debt, and the cost of unemployment other than the £26,500,000 included in the estimates.

(*a*) In dealing with this group, I make two proposals. One is that all expenditure upon new buildings be postponed. The other is that a general cut of 3 per cent be effected. I have chosen this percentage on the ground that by the time all items to which it cannot be applied have been excluded, the corresponding percentage that will have to be applied to the remainder will be something of the order of 6 or 7 per cent. In practice such a saving of 6 or 7 per cent would be made partly by a reduction in salaries and partly by a constriction of activities. On the question of salaries, I would recall that two years ago, a general cut of 2½ per cent was agreed in respect of railwaymen's pay. It seems equitable to make a similar suggestion to the Civil Service, but I should add that there are doubts as to how far such a suggestion is practicable, in view of existing agreements.

Some may feel that in suggesting an over-all cut of only 3 per cent I have been unduly modest. I do not think so, because of the qualifications already mentioned. Still I may usefully add here that the total fruit of this 3 per cent cut is only about £3,700,000 a year, and that each additional 1 per cent would only yield £1,200,000. It may also be useful to record that excluding the Post Office, each 1 per cent cut in salaries alone would, even if practicable, only yield £300,000. These figures provide a means of measuring the total yield of any given percentage cut.

GROUP A.

Service.	1930-31 Estimate.	Revised Estimate.	Saving.
	£	£	£
Diplomatic and Consular ..	1,076,700	1,044,400	32,300
Prisons	1,004,000	903,800	100,200
Labour and Health Buildings, upkeep	368,100	357,100	11,000
Office of Works	613,700	595,300	18,400
Public Buildings	1,279,600	1,100,400	179,200
Revenue Buildings	1,125,300	1,004,900	120,400
War Pensions	51,603,000	51,566,900	36,100
Total	57,070,400	56,572,800	497,600

The table is mainly self-explanatory, but it may be added that in addition to the 3 per cent cut additional savings have been affected by postponing expenditure upon new buildings. The cut in War pensions only relates to administration charges.

(*b*) Here, in most cases, the general saving covered in the previous group by the 3 per cent cut is merged in special cuts applicable to each item. The actual result is given below :—

GROUP B.

Service.	1930-31 Estimate.	Revised Estimate.	Saving.
	£	£	£
Empire Marketing	550,000	294,600	255,400
Colonial and Middle East ..	1,218,600	1,138,400	80,200
Police (England, Scotland and Wales)	11,471,300	10,897,700	573,600
Education " "	52,693,100	50,340,600	2,352,500
Health " "	22,015,700	21,861,400	154,300
Agriculture " "	3,054,100	2,885,000	169,100
Development Fund	625,000	525,000	100,000
Stationery	1,679,500	1,545,200	134,300
Army	40,500,000	38,471,300	2,028,700
Navy	51,739,000	48,951,300	2,787,700
Air Force	17,850,000	15,596,100	2,253,900
Total	203,396,300	192,506,600	10,889,700

The following notes cover the principal savings suggested :—

(1) *Empire Marketing.*—In addition to a general 3 per cent cut, I suggest a 25 per cent cut in grants, plus a 50 per cent cut in expenditure upon publicity.

(2) *Police Grants.*—The mobility of the modern criminal, and his lack of respect for local administrative boundaries raises the question as to whether police should not be co-ordinated as a national force under central control. The possibilities contained in this suggestion are the main basis for my reduction

of £574,000 in this item. In any case the whole question could well be investigated from the standpoint of economy as well as from that of efficiency.

(3) *Education.*—Frankly, I should be sorry to see any reduction made here, but I must urge that once anyone begins to pick and choose, according to his particular likes and dislikes, all chance of success disappears. The total cost of Education for England and Wales alone is £82,529,700, of which £45,495,700 is paid by the Exchequer and £37,034,000 by the Local Authorities. Of this total, approximately £50,000,000 is required for teachers' salaries, and here I suggest a 5 per cent cut. In arriving at this, I have taken into account the salaries now in force in the teaching profession, and have compared them with those in force in other professions demanding similar qualifications. I also take note of the fact that the Burnham Scale expires next March. This 5 per cent cut would save £2,500,000. Other economies, regrettable but necessary, will bring the total saving up to £3,950,500, of which the Exchequer share is £2,162,500 and the local authorities' share (on a *pro rata* basis) £1,788,000. I calculate the Exchequer share of the savings on the Scottish estimates at £190,000 and so the total saving of £2,352,500 shown in the table is reached.

(4) *Health.*—The saving shown in the table is very disappointing, but it must be remembered that the principal items of expenditure are the housing subsidy (£11,855,000 for England and Wales alone) and Exchequer contributions to National Health Insurance (£6,050,000 for England and Wales alone). The former cannot be touched, for reasons already explained; in fact, it would remain intact, even if it was decided to suspend the subsidy as from to-morrow. The latter equally cannot be touched, unless all benefits are scaled down. The only justification for this would be a substantial reduction in the cost of living, and even then a number of practical and ethical difficulties would arise. The most I am prepared to say is that this is a case for balanced investigation, rather than for general recommendations. If I had to deliver a verdict at once it would be against any reduction.

(5) *Agriculture.*—A certain number of small savings can be effected such as, for example, in respect of expenditure on the collection of statistics. Still, investigation shows that the net result is meagre. Expenditure involved by new legislation is left out of account in this analysis, and I will only make the

general point that when weighing the desirability of any fresh proposals, the need for economy is one of the heaviest weights to be thrown into the scales.

(6) *Stationery*.—This is an obvious example for economy. I estimate that one of the fruits of the general 3 per cent cut in the cost of administration should be a cut of at least 8 per cent in this department alone. This is the basis of the saving shown in the table.

(7) *The Defence Forces*.—Most of the obvious economies in these services have already been effected, but there is still a tendency to launch out upon new buildings. These could well be postponed. As regards the army, there is room for economy in the organisation of the forces at home. In addition to the staffs maintained for each of the five divisions, into which the home regular forces are organised, there exist no less than nine commands, whose staff in the aggregate cost £218,400. To the layman at least, there is here a suspicion of duplication. As regards all three services, expenditure upon clothing and stores could well be cut by 5 to 10 per cent in view of the fall in prices, and the fall in the cost of living raises the point of whether a 5 per cent cut could not equitably be made in pay. Here, however, it must be remembered that rates of pay are fixed by Royal Warrant, and I suspect this to be a practical objection in the way of any suggestion of reducing the rates, except for new entrants into the services. Next, the question of the creation of a unified Ministry of Defence can well be raised from the standpoint of economy. The idea is not a new one, for there is ground for believing that Lord Cardwell favoured it half a century ago. To-day, I am so much impressed by the arguments in its favour that I have based my calculations on the assumption that it will be done. Incidentally, when the staffs of the three ministries are reviewed, care should be taken to see that senior officers are not being employed upon duties which fall more properly within the purview of civilians. As a case in point, I may instance the fact that the First Sea Lord employs as his secretary a Paymaster-Captain, whose cost is shown in the estimates as £920. Similarly, the secretaries to the other Sea Lords are also senior naval officers in receipt of the pay and allowances of their rank. The replacement of these officers by civilians would permit of economy without any loss of efficiency. As regards naval dockyards, economies have already been effected here, but it is still doubtful if these are sufficient

when regard is had to the substantial reductions that have been made in the fleet in comparison with pre-war days. Finally, there is the question of the subsidies to civil aviation. This again appears to fall within the category of regrettable but necessary economies and in preparing my estimates, I have reduced this item by 50 per cent.

(*c*) This group relates to services to be abolished. Many minor items have already been duly dealt with, but there remains one big item, the sugar beet subsidy, estimated at £5,400,000. My own view is that it was a mistake to grant it. It is not, for example, comparable with the housing subsidy, for at the time the latter was granted there was a definite shortage of houses, while to-day at least there is a world glut of sugar. On these grounds alone, it is an unjustifiable form of expenditure, especially in the present emergency, and the most I am prepared to concede is that to ease the shock of its disappearance and any adverse effect upon employment, its abolition should be spread over two years. Even this concession should require the effecting of compensating economies elsewhere.

(*d*) The following table comprises a small group of services which ought to be left untouched. The chief items are old age and widows' and orphans pensions, and here the same considerations apply as to National Health Insurance, discussed above. The remaining items are left intact either because they are self-supporting, or because they consist of definite commitments which cannot be evaded without a breach of faith. The most that can be said is that serious thought should be taken before further commitments of this kind are entered into in the future.

GROUP D.

Service.	1930-31 Estimate.
	£
Land Purchase in Ireland	2,422,800
Old Age Pensions	36,536,000
Widows' Pensions	9,000,000
Employment Scheme Grants	2,250,000
Rates on Government Property	1,917,800
War Pensions and R.I.C. Pensions	54,244,000
Colonial Development Fund	812,200
	107,182,800
Deduct Pensions (dealt with in Group A)	51,603,000
Total	55,579,800

(*e*) In addition to the formation of a National Defence Ministry, there is a strong case to be made out for uniting the Board of Trade, the Department of Overseas Trade, and the Ministries of Labour, Transport and Mines under a common Ministry of Industry. The adoption of this suggestion would permit of a reduction in the size of the Cabinet, in itself a commendable feature of the proposal. It would also permit of reductions, aggregating nearly £1,000,000, in national expenditure. The details for the larger ministries are shown in the next table. The savings effected in respect of those ministries whose votes do not exceed £500,000 are discussed in section (*h*).

GROUP E.

Service.	1930-31 Estimate.	Revised Estimate.	Saving.
	£	£	£
Ministry of Labour	26,591,000	26,241,000	350,000
Department Overseas Trade ..	503,000	348,900	154,100
Forestry..	991,400	730,000	261,400
Total	28,085,400	27,319,900	765,500

In addition to the savings resulting from unification, the estimate given above includes certain savings which I believe can be made in the Department of Overseas Trade and in the Forestry Commission. Thus, trade exhibitions and fairs should be made more self-supporting than they are at present, and it is doubtful if it is on balance helpful to industry to raise money by taxes and then spend it upon Trade Commissioner Services, Foreign Commercial Missions, etc. In all these cases, reductions could usefully be made. As regards Forestry Services, which could usefully be merged with the Ministry of Agriculture, the question arises whether we are not going ahead rather more rapidly than is justified by the state of the national finances, and the savings I have made are based on this assumption. It should be noted that no account has so far been taken of possible savings upon unemployment insurance.

(*f*) Next come the Revenue Departments, whose estimated expenditure is £12,134,600. I see no reason why a proper overhaul of the machinery of revenue collection, including customs, excise and income tax, together with a revision of salaries on the lines suggested above, should not permit of a cut of 5 per cent or £606,800. I must, however, add the warning that the adoption of a general tariff would inevitably mean an increase in the cost of the Customs Department.

(*g*) The next item in my classification is the cost of de-rating. I have taken here the main item of £44,500,000 shown separately in the estimates, but it must be remembered that several small items arising out of the de-rating scheme have already been included under other items. I am assured by someone who possesses an intimate knowledge and experience of the operation of the scheme that the success of several appeals has enlarged its scope to the extent that the figure quoted above will turn out in practice to be an under-estimate. He has further put before me a way of effecting a substantial economy under this heading. This way consists of giving to each industrial hereditament a dual assessment :—(1) Corresponding to its normal trade and normal earning power ; and (2) corresponding to its present plight under the general depression. Each business would pay rates on the basis of the second or "depression" assessment, and the Exchequer would pay to the local authority the differences between that and the higher or "normal prosperity" assessment. The net result would be that businesses enjoying their normal prosperity would receive no relief, and that the benefits of de-rating would be enjoyed solely by businesses in need of assistance. I can see several practical difficulties in the way of adopting this scheme, apart from the fact that it would require fresh legislation. For example, frequent revisions of assessments would be necessary and this would be a somewhat delicate task. Still, I understand that the adoption of this proposal would entail a saving of the order of £20,000,000, and so it merits investigation. This saving would be, of course, on the probable cost of de-rating, which as has been already stated is likely to prove in excess of the estimate. For that reason, I have suggested a net saving on the estimate of £44,500,000 of only £14,500,000, thereby reducing the estimate to a round £30,000,000.

(*h*) There remain other supply services, whose cost totals £11,700,000. Some of these such as the Board of Trade and Ministry of Transport and Mines could, as stated, be amalgamated into one office, and all could be made subject to the general 3 per cent cut. As a round estimate, I have included a saving of £400,000 under this heading. The same applies to Consolidated Fund Services, other than the National Debt. Their present cost is £9,300,000, and it seems equitable to reduce this sum by the odd £300,000.

It is now possible to summarise the results to date. This is done in the following table :—

Supply Services.	1930-31 Estimate.	Revised Estimate.	Saving.
	£ mill.	£ mill.	£ mill.
Group A	57·1	56·6	0·5
Group B	203·4	192·5	10·9
Group C	5·4	Nil	5·4
Group D	55·6	55·6	Nil
Group E	28·1	27·3	0·8
Group F	12·1	11·5	0·6
Group G	44·5	30·0	14·5
Group H	11·7	11·3	0·4
Other Consolidated Fund Services	9·3	9·0	0·3
Total	427·2	393·8	33·4

Next comes the question of unemployment insurance. The normal cost of the Exchequer contributions, amounting to £26,500,000, comes under the Ministry of Labour vote given above, and is left intact. To this must now be added (*a*) £10,500,000, representing the supplementary estimate presented last autumn; and (*b*) £37,000,000, representing last year's borrowings from the Exchequer by the Fund, less the interest repayable by the Fund to the Exchequer. This makes the total annual cost of unemployment insurance £74,000,000, of which account has already been taken of £26,500,000. Inasmuch as there seems little or no prospect of the Exchequer's loans ever being repaid, I prefer to count the full sum as part of the nation's annual expenditure. This both increases the total expenditure and also the scope for economy. It is a great pity that the House of Commons Committee which recently considered the question failed to present a report, and in the absence of any definite arithmetical evidence it is difficult to say what saving would be practicable. Still, taking into account the known and admitted abuses on the one side, and the necessity of giving those unemployed at least a minimum means of subsistence on the other side, I suggest tentatively that it should be possible to save £10,000,000 out of the £74,000,000 now being spent. In case it be objected that this figure is too large, it is permissible to add that once it be known that the Government intends to economise on a substantial scale, the immediate improvement in trade should be reflected in a decrease in the number of unemployed, and so in their cost to the nation.

So far, possible savings of £43,400,000 have been indicated. There remains the question of the service of the National Debt. A few years ago, Mr. Churchill allotted a fixed annual sum of £355,000,000 for this purpose, and stated that in theory this should redeem the whole of the National Debt in fifty years. Last year Mr. Snowden temporarily increased this allocation to £360,000,000, to compensate for the previous year's deficit. The fundamental principle of both allocations is that any saving in respect of debt interest goes to swell the Sinking Fund.

Now the maintenance of a strong Sinking Fund is a cardinal principle of sound finance, but even here a sense of balance must be preserved. Thus a Chancellor who includes in his budget a large allocation to Sinking Fund, and who then ends the year with a deficit, is not practising sound finance, but on the contrary is guilty of presenting a misleading balance-sheet. It would be far more honest for him to make clear to the nation exactly how much net debt he has redeemed, and this sum is the sinking fund *plus* his surplus or *minus* his deficit. Again, in times of bad trade, it may be wiser finance to reduce taxation even at the cost of also reducing the amount set aside for debt redemption. Finally, the recent heavy fall in the price-level has given rise to the belief that the *rentier* has had transferred to him a larger share of the national product, and that each successive fall in prices benefits the *rentier* at the expense of the producer. This belief possesses considerable theoretical justification.

I should say at once that I do not associate myself with those who are making proposals which approximate very closely to debt repudiation. National credit is as much an asset to our producers as is their plant and labour, and on these grounds alone any attack upon our credit would be suicidal. Still the fact remains that to judge from present indications, this year's (1930-31) interest on the national debt is not likely to require more than £284,000,000. This, on Mr. Snowden's allocation of £360,000,000, will leave available for debt redemption no less than £76,000,000. In view of the certainty of an appreciable deficit on the year, I do not call this an honest figure. Again, while I recognise the benefit to industry that will result from a sum of this magnitude being released for re-investment, on psychological grounds I am not certain that it would not be still more beneficial to industry, if this sum were reduced to, say, £50,000,000, thereby adding its quota

to the savings available for use in reducing taxation. I select this sum of £50,000,000 mainly on the ground that it will just about cover the statutory sinking funds attaching to specific loans.

If on balance it appears that the maintenance of a £76,000,000 sinking fund would, on psychological grounds, facilitate the early conversion of 5 per cent War Loan, leading to an interest saving of, say, £20,000,000, then I freely admit that the scales tip the other way. My main point is that in one way or another it should be possible to save, say, £26,000,000 on the total cost of the National Debt without departing from the canons of sound finance. Of course, if next year interest rates rise from their present low level, the possibility of saving in this direction will be proportionately reduced. Still, in this year of bad trade, it is on psychological grounds alone important to seize every opportunity for lightening the burden of taxation.

There remain the two items of "self-balancing" expenditure, namely, the Road Fund and the Post Office. The former I have left intact on the ground that it may be argued that it is money which the Government is in honour bound to devote to the purpose for which it is subscribed. Even here, however, expenditure should be rigidly scrutinized, so that full "value for money" is obtained. In particular, the system whereby the Ministry of Transport contributes a big percentage quota to the cost of a particular scheme, and leaves its execution to the local authorities concerned, does not lack opportunities for waste.

The net Post Office expenditure for 1930-31 was estimated at £60,275,000. I see no reason on examining the details why an over-all 3 per cent cut should not be practicable, and this would yield £1,808,250. There is also the broader question as to whether it would not pay to transfer the Post Office from direct Government ownership and control to that of a Public Board, similar to the Port of London Authority or the Central Electricity Board. I can see many weighty objections to that course, and on balance I should say that they would prove fatal. Still, it is a point for impartial consideration.

In any case, there is no doubt that there is ample room for economy. I have heard of a case where the telephones in a single village are split up between four different exchanges, with four different sets of lines. I have heard suspicions that the Post Office is less happy in its relations with its staff than are many industrial concerns, and any friction of this kind obviously leads

to waste. The Post Office is a wonderful organisation, and does an extremely complex job on the whole with success. Still, there is no reason why it should not be subjected to the same rigorous scrutiny as other public departments.

It is now possible to present a final table of savings.

Item.	1930-31 Estimate.	Revised Estimate.	Saving.
	£ mill.	£ mill.	£ mill.
Supply Services and "other" Consolidated Fund Services	427·2	393·8	33·4
Balance of Unemployment Insurance*	47·5	37·5	10·0
National Debt Service ..	360·0	334·0	26·0
Self-balancing Expenditure ..	83·8	82·0	1·8
Grand Total	918·5	847·3	71·2

Thus, out of a total expenditure (including ordinary expenditure, self-balancing expenditure, and the total cost of unemployment insurance), amounting to £918,500,000, a saving of £71,200,000, or nearly 8 per cent is suggested. If National Debt Service (and the saving thereon) be excluded, the saving suggested is almost exactly 10 per cent.

This completes the arithmetical side of my investigation. I am quite prepared to learn that some of these calculations need modification in a minor degree, for no outside observer can hope to achieve complete accuracy, or to acquire that intimate knowledge of every Government Department that he really needs to perform this task. Again, I have purposely been conservative in making detailed proposals, for reasons that I hope I have already made clear. Nor have I dealt with proposed expenditure arising out of legislation presented to Parliament this year, for the reason that it is as yet impossible to estimate its size. On this point, I would make a very simple statement. On their merits, I see much good in these proposals, but I can also see dangers and difficulties, and in any case they too must submit themselves to the acid test of "Can we afford it?"

Can we afford it? That is one of the most vital questions that we have to answer to-day; and whatever answer we give to it, we must equip ourselves to expound our case in ways that can be understood. The task, I know, is difficult, but experience has taught me that it is not impossible.

* *i.e.*, Supplementary Estimate and "Borrowings" from Exchequer.

The first point to make clear is that it all resolves into a question of weighing the balance. Economy will inevitably involve some hardship, much of which will fall on those least able to bear it. No one ought to advocate wholesale dismissals of staff, or reductions of payments, without realising what the immediate results will be to those directly affected.

Still, that is only one side of the account, and we must not shirk presenting the other side as well. Sir Ernest Benn, in his new book, "Account Rendered," puts both clearly and forcibly the case for and against expenditure upon the machinery of administration, and while he recognises to the full the sterling qualities of our Civil Service, he shows how great is the temptation before each Civil Servant to create fresh work in order to justify his existence. I cannot help feeling that what is needed on the administration side of the account is not only specific reductions, such as those I have already suggested, but the creation of a new spirit—a spirit of economy. Were this to be fostered from above, so that it permeated the whole of our administrative system, and made each member thereof zealous not to show how much work he could *do*, but how much work he could *save*, I am hopeful enough to believe that the 3 per cent over-all cut, which was a basis of my calculations, would grow to 6 or even 10 per cent.

Next, as to the expenditure upon the so-called Social Services. Everyone appealing for the suffrages of the electorate feels a natural unwillingness to advocate retrenchment here, and even when he screws himself up to doing so, he usually delivers himself of vague generalities. Now, the electorate will always respect a man who has the courage of his convictions, and will always listen to a plain economic argument, if *simply* expressed. Therefore, make it clear that in the system of unemployment insurance, abuses have been allowed to creep in; make it clear that their eradication is as much in the interests of the legitimate beneficiaries of the scheme as of the country as a whole; and make it clear that it is no part of the case for their eradication that anyone should be left to suffer destitution. Within these limits there is, I am convinced, ample scope for economy.

Take, again, such essential objects of expenditure as education, health insurance and pensions. Even here a different spirit is needed—a spirit that will ensure that all the money voted for these purposes will be used for them and not for administration. It is possible to spend too much money to prevent minor leakages,

which after all is the main object of the whole system of inspection, supervision and checks which has come into existence. Let the machinery of these services be reviewed from a broad and detached standpoint, and I feel that there is ample scope for economy without starving them of the money they really need. The rule " save work, and do not make work " can well be applied here.

Next comes the part that Parliament ought to play. Even allowing for the special circumstances of the case, one cannot avoid a feeling of disappointment at the recent Economy Debate fiasco, and I am certain that that feeling will be shared by the bulk of the electorate, who, after all, do not so much ask for fresh expenditure as have it thrust upon them. First of all, Parliament should subject each new proposal to the test " can we afford it ? " and weigh the answer against each proposal's intrinsic merits. Put briefly, each member should say to himself: " This Bill will involve the proposal of £*x* of public money, for which I am a trustee. It may save the public £*y*, and may also be worth £*z*, as regards the ultimate good it will do to the community. I must weigh the evil arising from the extra burden of *x* against the good represented by *y* and *z*, and the chance that *y* and *z* will or will not be realised. And I must not allow my enthusiasms for *y* and *z* to blind me to the real and *immediate* size of *x*."

It is said with truth that the procedure of Parliament is not fitted to deal faithfully with the estimates, and a few weeks ago the suggestion was seriously made to me that the Government could not be defeated while the estimates were going through, because an April election would throw the whole financial machinery out of gear. This suggestion, if true, is a serious indictment of our whole system of Government. I am not certain that one of the most urgent needs of the day is not a radical overhauling of Parliamentary procedure, with the object of enabling Parliament to get to grips with the real facts of our expenditure, instead of using the presentation of the estimates as occasions for debates upon trivialities. It means, also, that it is necessary for members to acquire the financial mind, and to examine the estimates in the same way and with the same independent and critical faculty as a City Editor scans a balance sheet. Furthermore, would it not be possible to re-cast our system of national accounting in such a way as to make it more intelligible to the general public ?

The main task, however, is to make economy a policy that will appeal to the public. It can be done, and the public is readier to respond than many realise. Yet I would utter one serious word of warning. Those who benefit from the tax remissions of which economy will permit, must not abuse the relief they receive. Once let the suspicion arise that national economy will only result in increased personal extravagance and the cause of economy will rightly suffer defeat. It is just as incumbent upon the owners and managers of large industrial undertakings to exercise economy and subject their own budgets to a rigid scrutiny, as it is upon the Chancellor, the Cabinet and Parliaments to do so with the national budget. Again, for economy to mean that while some people have to endure hardship, others are presented with the opportunity for increased and unnecessary luxury would be to create a state of affairs that no right-thinking person would tolerate for a moment.

I have said that Parliament should regard itself in this matter as the nation's trustee. That is equally true of all of us, jointly and severally. This is no time for waste, either public or private, but rather for buckling to our task of making ourselves fitter for the struggle of life. Otherwise, our trade, our system of Government, our very freedom and livelihood are at stake. The " Economist " well said " England must abandon the primrose path of profusion or be satisfied with a littler future." This choice must be made not only by our representatives in Parliament assembled. It must be made as well by each one of us in our daily lives.

NOTE.—Owing to lack of space, the next article in the " Finance and Industry " series is postponed until next month.

Notes of the Month

The Money Market.—Until the end of November, money was extremely scarce, as the withdrawal of French balances and payments for Treasury Bills took funds off the market. On one occasion, when heavy subscriptions to the Central Electricity Board's stock issue immobilised temporarily more money, a small amount had to be borrowed from the Bank of England to make good the shortage. On December 1st, however, there came an abrupt change, for on that day the 5 per cent War Loan dividend, amounting to approximately £50,000,000, was paid.

To finance this operation the Treasury borrowed a large amount from the Bank of England, and as the dividends were paid by their recipients into these accounts at the various banks of the country, so the money went to swell the banks' cash holdings and so the resources available to the money market. Consequently, early December witnessed a glut of money, and Rates for short loans, which in November had at times exceeded 3 per cent, fell to 1 per cent and even less. Discount rates, however, failed to weaken in response to this glut, for bill-brokers were governed in their operations mainly by the gold outflow discussed below. As a result of this, the three months' discount rate, after easing early in December from $2\frac{3}{16}$ to $2\frac{1}{8}$ per cent, hardened to $2\frac{7}{16}$ per cent in the middle of the month.

The Foreign Exchanges.—Movements during early December were mainly adverse to sterling. The withdrawal of French funds continues, and to finance this France has continued to buy the bulk of each week's supply of new Cape gold in the market, and also to withdraw standard gold from the Bank at the rate of approximately £300,000 a day, this being the largest amount with which London refiners can deal. There is no sign of this outflow of gold coming to an end, and indeed it is known that arrangements have been made for its continuance at least until the middle of January. The intensity of the pressure is also illustrated by the fact that the Paris Exchange has often stood at Frs. 123.60 or even lower—rates which are well below the theoretical gold export point. Unfortunately, early in December the Berlin exchange also fell to the export gold point of about Mks. 20.36, with the result that for a time Germany also took gold. This adverse movement was ascribed partly to withdrawals of German short money from London, and partly to sales of German bills, drawn against London markets, in the London money market. If this latter explanation be correct, it is just as well that London discount rates should have hardened, for each rise in discount rates means that a lower price is offered for bills, thereby inducing foreign holders to offer these bills in other centres and so relieve the pressure upon London. Sterling has also been at a discount against the dollar, so much so that at one time there were fears lest gold might soon be going to New York. Fortunately these fears have proved abortive, and at the rate of $\$4.85\frac{11}{16}$ current on December 12th there was still a fair margin in hand. Moreover, on December 23rd, the New York Federal Reserve Bank reduced its re-discount rate

from $2\frac{1}{2}$ to 2 per cent, and the exchange rate at once rose to \$4·85$\frac{3}{4}$. The Brussels, Zurich, and Amsterdam exchanges have also been adverse to sterling. Spanish pesetas were better, apart from a reaction caused by the attempted revolution. South American rates have been steadier. Silver has fallen to new record low levels, mainly as a result of Chinese sales to finance imports.

The Stock Exchange.—Markets on the whole were weighed down with the general lack of industrial progress, and by such unfavourable developments as the steady outflow of gold to the Continent, and current difficulties in Paris and New York. Gilt-edged stocks proved susceptible to the gold situation, which was regarded as having put an end for the present to all hopes of a conversion operation, and prices gradually receded. Among Empire issues, Australian stocks were again affected by the Dominions financial troubles, while the only encouraging feature in the Foreign market was a slight tendency for German bonds to improve. Home rails were lethargic, with no sign of any improvement, and among foreign rails, Argentine stocks were irregular and inclined to weaken. The industrial market held up well against the threat of a coal stoppage, but here again ground was lost on balance, especially by "international" issues which were affected by banking difficulties in New York. Although the commodity was firmer, rubber shares showed but little change, and dealings were very restricted in number. Oil shares inproved at times on the receipt of more encouraging production statistics from America, but French and Dutch selling had an unfavourable influence. Business in mining shares was very limited, but Kaffirs were a little firmer. Activity in the new capital issue market was less pronounced than in the autumn. The Central Electricity Board's issue of £6,000,000 $4\frac{1}{2}$ per cent stock at $95\frac{1}{2}$ was very well received, but the fate of later issues, such as the Kenya $4\frac{1}{2}$ per cent loan of £3,400,000 at $98\frac{1}{2}$, shows that the investor is now exercising greater discrimination, and is not prepared to take up even first-class stock on terms that appear too dear.

Overseas Trade.—The November trade returns have unfortunately belied the promise held out by those of the previous month. Imports fell back from £90·9 to £79·4 millions, exports of British goods from £46·9 to £44·1 millions, and re-exports from £7·2 to £6·8 millions. In fact, the November figures were among the most disappointing of the year.

Description.	January-November, 1929.	January-November, 1930.	Increase (+) or Decrease (−).
	£ mill.	£ mill.	£ mill.
Total Imports	1,115·3	955·2	−160·1
Retained Imports	1,013·5	873·5	−140·0
Raw Material Imports	308·4	230·2	− 78·2
Total Exports, British Goods	671·1	532·1	−139·0
Coal Exports	44·5	42·2	− 2·3
British Manufactured Goods, Exports ..	529·2	412·1	−117·1
Re-exports	101·8	81·7	− 20·1
Total Exports	772·9	613·8	−159·1
Visible Trade Balance	−342·4	−341·4	+ 1·0

The eleven months' figures quoted above possess few redeeming features. Coal exports, however, have lost comparatively little ground, and it is significant that the excess of imports over exports for this year to date was £1,000,000 less than in the first eleven months of last year. At a time when abnormal pressure is being thrown upon our gold reserves, it is satisfactory that our indebtedness to other nations upon our current trading account is now less, even though the reduction is only a small one.

Home Reports

The Industrial Situation

The few faint signs of improvement apparent a month ago have ended in disappointment. Wholesale prices, which remained stable during October and early November, have once more taken a downward turn, and according to some authorities have now reached their pre-war level. The November trade returns hardly upheld the promise of the preceding months, and the iron and steel production statistics were the worst recorded for a long time. The cotton industry has also lost ground after its tentative improvement earlier in the autumn, and although merino wool prices have once more stabilised after their break at the end of November, confidence is not yet fully restored. Abroad, the French and American financial troubles have come as a sharp reminder that the crisis is by no means over as yet, while at home industrial difficulties have been accentuated by the troubles and uncertainties rising out of the application of the Coal Mines Act. Finally the problem of the absorption of the huge stocks of staple commodities now in existence remains as

serious as ever, and altogether it is difficult to view the outlook with the usual New Year optimism.

Agriculture

England and Wales.—An official report states that outdoor work was frequently impeded by rain during the latter half of November, but that autumn-sown corn, where showing, appeared healthy. Potato disease is fairly prevalent this year, and it is anticipated that tubers will not keep well. Cattle were in good condition, with milk yields about normal. Supplies of winter keep were adequate.

Scotland.—The wet weather during December has retarded tillage considerably and in many districts the ground is so sodden as to prevent much progress being made. Early wheat has also suffered from the adverse weather conditions. In the live stock markets there has been a brisk demand for quality cattle at enhanced prices but other classes of stock have met with only a moderate sale. Grain prices have been firmer, if anything, especially for oats, and the potato trade is keeping up wonderfully well as compared with last year.

Coal

The Labour uncertainties, including the stoppage of work in Scotland, stimulated a certain amount of prompt trade, but have had a deadening effect upon forward business. Later in December, the approach of the holidays also enlivened demand for prompt coal, but the outlook is very uncertain especially as the hours and wages problem has still to be settled.

Hull.—Collieries appear reluctant to quote for forward shipment, and business is confined to prompt trade.

Newcastle-on-Tyne.—The recent trouble in Scotland and the usual seasonal enquiry has placed both Northumberland and Durham in a much better position.

Sheffield.—The export coal market is fairly satisfactory, and prices are firm. Industrial fuels are on the quiet side, but demand for household coal shows a decided improvement.

Cardiff.—Immediately before the holidays prompt trade was on a fairly satisfactory basis for practically all classes with the exception of Small Coals. Labour uncertainties, however, are making forward business difficult to negotiate and unless there is a speedy settlement of the Hours and Wages problem, it is feared that business will be diverted to other coalfields.

Newport.—Shipments have shown a slight improvement, and there was a fair amount of tonnage loading just before Christmas.

Swansea.—Conditions in the anthracite market remain fairly satisfactory, and prices are maintained. The steam coal section is still unsatisfactory, apart from small coals, for which there is a fairly good demand.

East of Scotland.—The position has improved, and navigation coal and splint are moving off freely. Washed fuels are also firmer, due partly to increased demand for home consumption. Steam coal shipments are limited.

Glasgow.—The labour stoppage in early December placed many collieries in arrears with their deliveries, and made coal scarce for shipment. The collieries consequently had to quote high prices, and exporters found it very difficult to arrange new business.

Iron and Steel

There was a further reduction of four during November in the number of furnaces in blast, and at the end of the month only 92 furnaces were operating. Output of steel is only half what it was a year ago, and business is worse than it has been for a very long time.

Birmingham.—Conditions are very quiet, and there is little disposition to enter into forward commitments. Supplies are obtainable at short notice, and with the approach of stocktaking the tendency is to buy from hand to mouth. There is a fair demand for steel from the motor-car industry, and Staffordshire marked bars are also in request.

Sheffield.—The acute depression continues, and there is no evidence that any material improvement can be expected in the near future. Out of 119 acid and basic open hearth furnaces in Sheffield and district, only 33 are now in commission, while unemployment has increased during 1930 from 30,000 to 46,000. There is a constant demand for special and alloy steels, but trade otherwise is very disappointing.

Walsall.—Malleable ironfounders are inactive, and there is no improvement in the stampings trade. Tube manufacturers are still very quiet, but it is believed that the International Tube Association have made arrangements to control foreign competition, both as regards selling prices and quantities to be imported. This should improve the position of the trade.

Newport.—Although business continues to be affected by the depression, a slight improvement has recently been noticeable. Imports of iron and steel, however, have increased.

Swansea.—The price of steel bars has been further reduced to meet the altered conditions in the tinplate industry. Following the abolition of the minimum selling price, tinplates are cheaper at 15s. 6d. to 16s. per basis box, f.o.b. South Wales.

Glasgow.—Business is no better, and makers are greatly in need of orders. In some cases makers find it more economical only to work alternate weeks. The rate of production generally has fallen to a record low level, and the depression is so acute that the work is being suspended at the New Year for a much longer time than usual, a minimum of a fortnight being indicated.

Engineering

There has been no real improvement in trade. The marine engineering branch remains very depressed, and textile machinists are inactive. Business in the motor trades is irregular. Some firms are well employed, but others are less well placed.

Birmingham.—Heavy engineering is still depressed, but electrical engineering is better and there is a fair amount of business passing in machine tools. Some firms in the motor-car and accessories trades are well employed, but generally speaking trade is below normal.

Coventry.—Whilst the motor-car trade is quiet generally, it is not without bright spots. A few factories are very busy, and others are making preparations for a larger output, especially for export trade. The motor-cycle trade is quiet, but this is usually the case immediately prior to the commencement of the licensing period starting in January. Seasonal slackness prevails in the pedal cycle trade. Electrical engineering is somewhat dull, and very cut prices prevail.

Leeds.—The larger engineering firms are still failing to obtain big orders, but the smaller firms are doing fairly well.

Luton.—Hydraulic engineers are fairly busy, but prospects are not encouraging. Some general engineers are exceedingly busy, and others are fairly well employed. Motor manufacturers have obtained a fair amount of business from Show orders.

Manchester.—Apart from textile machinists, the engineering trade continues to be fairly well employed, but there have been no new outstanding contracts in the heavy section.

Sheffield.—Conditions are unchanged and most establishments are working at about 60 per cent capacity. Some sections of the tool trade are better, chiefly in engineers' small tools, hacksaws and edge tools of the better qualities. The file section is quiet and most plants are only working part time.

Wolverhampton.—Business is reported to be quiet generally and manufacturers are exercising extreme caution in giving out orders. There is some activity in the electrical branch, but competition is keen. Motor works are only moderately employed.

Glasgow.—Trade as a whole is very quiet. The marine branch is depressed and shipbuilding orders are very scarce. Still, the news that two Clyde firms are to benefit from the Admiralty's 1930 naval programme is very welcome, and this work should help to reduce unemployment.

Metal and Hardware Trades

Birmingham.—Business is still disappointing, and factories are suffering from lack of orders. Still, there is the usual seasonal demand from the motor-car trade and a certain amount of business from the makers of small repetition brass and copper goods.

Sheffield.—Business has fallen away, and the holiday stoppage is likely to be prolonged. In table knives, spoons and forks, the chief demand is for the medium quality lines, and lower-grade goods appear to have lost favour. The coupon gift trade continues to expand, but prices are so cut as to be almost unremunerative. Silver and electro-plate branches are exceedingly quiet despite the low level to which the price of silver has dropped. Business in safety-razor blades and blanks tends to improve, and makers of pen and pocket knives of good quality are doing a little better.

Wolverhampton.—The cast iron section remains dull, but the aluminium and enamelled departments are better employed.

Swansea.—Prices of all the base metals remain at a very low level, and producers of spelter in particular are finding it impossible to avoid considerable losses.

Cotton

Liverpool.—Business has been dull and inactive and there are no indications of any early improvement. Spot sales are only about one-third of normal for this period of the year. Steadily accumulating stocks of the raw material, the world-wide decrease in consumption, and financial difficulties in the

United States have continued to depress prices, whilst the intensification of the Indian boycott and the further severe fall in silver have been additional factors in causing almost complete stagnation in Lancashire's trade with the East. Until one or more of these influences is weakened there can be little hope of recovery. A feature of the period has been the severe weakness of Egyptian cotton consequent upon the announced intention of the Egyptian Government not to proceed further with its policy of intervention in order to support prices. As a result, the quotations for this growth have declined sharply, and the margin between American middling and a relative equivalent grade of Egyptian cotton has narrowed to 2½d. per lb. against a normal margin of 5d. or 6d. per lb. This development has naturally increased the difficulty in selling good stapled American cotton.

Manchester.—Business remains unsatisfactory, and the weakness and wide fluctuations in the price of the raw material have caused a certain amount of nervousness. There has been little movement in yarns, as prices have fallen and conditions remain uncertain. Business with China has been negligible, owing to the further decline in Exchange rates due to the fall in silver. The political situation in India does not encourage any increased activity in that direction, and whilst there was a fair amount of enquiry at the beginning of the month, there has since been a falling off. Demand from Egypt and the near East is no better, but some business has passed with South Africa and South America. Home trade has remained slow.

Wool

Bradford.—Good clearances for the home trade have been effected at the recent London Sales at values which, though not yet considered stable, have restored some degree of confidence at this centre. There is a steady consumption of tops, and spinners of Botany yarns are fairly busy. A little more interest is also being taken in Crossbred yarns, but the usual seasonal buying from China has up to the present been small.

Huddersfield.—Worsted manufacturers are nearing the end of their showings in London, and it must be admitted that the results have been very disappointing. Woollen cloth makers are finding trade most difficult, but there appears to be a rather more optimistic feeling that trade may take a turn for the better early in the New Year.

Hawick.—Wool prices remain unsteady. Although the trend is in favour of buyers, the Border tweed trade is still dull, and most of the factories have a considerable number of looms either idle or only intermittently employed. Orders for next Winter are coming forward slowly. A good deal of business is being done with Central Europe, but both the American and Colonial markets are quiet, while the home trade is no more than average. The hosiery branch is also on the easy side, save for certain houses who are busy on fancy knitted goods. Dyers and spinners are only moderately well employed.

Other Textiles

Belfast.—Sales of Soviet flax have begun, but the Baltic States are not yet in the market. Supplies of Irish flax are limited, and quality is poor. Yarn sales have recently been of fair dimensions, and there has been some demand from the United States for damask cloths.

Dundee.—The jute trade remains disappointing.

Dunfermline.—Although the linen trade at the moment is spasmodic and generally dull, certain enquiries are being received which almost justify a mood of subdued optimism for the New Year. The raw material position remains obscure, even although Russia has already been a considerable seller.

Clothing

Bristol.—The outlook is not cheerful, and until some solution of the unemployment problem is found, the possibility of improvement is remote.

Leeds.—In early December, the clothing trade was very busy, in view of the Christmas trade. The general feeling is now a little more hopeful.

Leicester.—There is a rather better demand for underwear, and some manufacturers are working nearly full time. Seasonable weather would improve the demand for this class of hosiery. In the fancy section, there is a fair demand for the cheaper varieties of hosiery, but demand for better qualities is poor.

Luton.—The ladies' hat trade has experienced one of the worst Decembers on record and very few spring orders are being received.

Leather and Boots

Bristol.—Despite the depression, some progress has been made during the past year, and employment has been steadier.

Sales have also increased, and retailers have had a satisfactory season. The bespoke trade has also met with a steady demand. Leather factors have had a less satisfactory year, and boot manufacturers have tended to deal direct with tanners.

Leicester.—Trade generally has held its own and in the event of more seasonable weather, manufacturers should have better orders. Export business is not good.

Northampton.—Leather prices are irregular, but the better grades can still command a fair price. Home demand is not up to expectations, and export trade is dull. A few boot factories are fairly well supplied with orders, but the majority are working short time. There is a severe competition for business, with a consequent slight reduction of price in certain grades. The Christmas trade proved disappointing, but certain fancy footwear continues to find a good market. It is reported that several forward orders have been placed for delivery in the early months of the New Year. Export trade is poor.

Walsall.—The tanning industry has been quiet for some time, and orders for finished leather are scarce. Fancy leather goods manufacturers generally have been busy with Christmas orders, but are now beginning to work short time.

Shipping

Hull.—Demand is limited, and with a plentiful supply of tonnage, rates remain low.

Liverpool.—A spurt in grain chartering from the River Plate at the beginning of December led to a brisk rise in freights in that section, quotations reaching 22s. per ton. Though part of the advance was subsequently lost, homeward rates are generally a shade more favourable to owners than a month ago. Coal chartering has been active, but with no change in rates.

Newcastle-on-Tyne.—Chartering moves slowly, but tonnage is well held and rates firmer in most directions.

Newport.—Freight rates are still at a very low level, and there is still a surplus of available tonnage.

Edinburgh.—The number of vessels on loading turn at the Forth coaling ports towards the end of December was just normal, but active conditions continue at the port of Leith in connection with grain imports, principally from Russia. There is little change in the freight market.

Glasgow.—During the miners' strike a number of coal charters were cancelled, because it was very difficult to obtain

cargoes, and for some time afterwards business was adversely affected by a shortage of coal for shipment. Later, conditions became more normal, but the demand was restricted and rates showed no wide fluctuation.

Foodstuffs

Bristol.—Lard has remained steady, but in early December there were heavy falls in other provision prices. Fortunately, these declines stimulated a better demand in the case of butter and cheese, and as retailers' stocks are low, this demand should remain fairly steady. On the other hand, large supplies are known to be coming from the Dominions, and so prices may be expected to remain low.

Liverpool.—Trading in wheat has been quiet during the period under review and though prices have been steadier than during November, they have continued to fall to fresh low levels. The supply situation still dominates the market, and has lately been intensified by the probability of unusually large exportable surpluses from the Argentine and Australian crops now being harvested. The market accordingly anticipates that there is every prospect of the period of low prices extending well into 1931. The hopes that cheap wheat would result in a substantially increased demand are proving largely abortive so far as Europe is concerned, as several countries, notably France and Germany, maintain various restrictions controlling the import and use of foreign wheat. An event of the month that has caused a good deal of satisfaction to traders locally is the change of policy on the part of the Canadian Pool in deciding to close down its European selling agencies, and to market its produce henceforth through the established channels of the trade, merchants and brokers. In the maize trade, an unusually heavy demand from consumers at the beginning of December caused a sharp rise in quotations, but owing to liberal offers from the Argentine, this was not sustained. During the past month American bacon was in small supply and the market quiet, but consignments of Continental bacon were abnormally large with a very good demand. The lowest prices were reached for Continental supplies since 1910. Hams were a fair market with stocks small, and lard was in good demand at lower prices. Butter and cheese prices receded, and with lower retail prices a much larger demand was created. In the canned goods section both meats and fruits were steady at unchanged prices.

Fishing

Lowestoft.—The total British landings of fish in November amounted to 2,584,778 cwts. valued at £1,845,785. East Coast ports were responsible for about 83 per cent of this amount. There was a decrease of over 200,000 cwts. as compared with November, 1929, which was more than accounted for by a reduced herring catch off the East Anglian Coast. More herrings were cured for export, the curing season at Yarmouth and Lowestoft ending with a barrelage of 738,675, as compared with 686,995 in the 1929 season.

West of England.—Fishing in Mounts Bay for November has been exceptional, and some large catches have been landed. Herrings have not been caught locally in any large quantities since 1916, and the fish recently landed have been well above the average as regards quality and have fetched good prices. In Torbay landings for November were light, but good prices were obtained.

Scotland.—Most of the active fishing fleet is at present engaged on line fishing, and although hampered by stormy weather a fair measure of success has attended their efforts.

Other Industries

Timber.—The Hull trade during the past month was up to the usual average, a fair demand emanating from housing schemes. Floorings and other prepared goods also met with a ready sale. Slatings and plaster laths are wanted, and prices for the latter show signs of rising. The forward market for 1931 is dormant pending the publication of the Russian selling prices which will regulate those from Finland and Sweden.

Carpet Making.—Some Kidderminster mills are not running full time, but the orders taken by travellers for Spring delivery are nearly up to last year's figures, so that dealers' stocks cannot be above the average at this time of the year. The price reductions made in September have not so far met with any pronounced success. The financial crisis in Australia has very greatly reduced our trading with that colony, and owing to the greatly increased Tariff which has just been put on British carpets in Canada, trade there is now almost dead. In some qualities of carpets, the protection is higher even than in the United States.

Chemicals.—Luton reports trade to be not quite so favourable as a month ago. Manchester states that demand does not appear to show any increase, but that prices in both the heavy and fine sections remain fairly steady.

Paper-making and Printing.—There is no change in the Edinburgh paper-making trade and the immediate outlook is far from bright. Quite a number of local mills are on short time. The printing trade has been rather busier with Christmas work, but prospects for the New Year are not too encouraging.

Dominion Reports

Australia

From the National Bank of Australasia Limited

Pastoral conditions are excellent in all states, but the wheat harvest will probably be a little below the original estimate. Wool is selling well, but at prices that are unprofitable. The large butter output is maintained. There is no improvement in the general trade position. Secondary industries are quiet, luxury trades dull, and collections slow. Unemployment is increasing.

Canada

From the Imperial Bank of Canada

The better movements of wheat and flour out of the country have brought conviction that the grain crisis has passed and with it the danger of wide demoralisation of the agricultural industry. There is no improvement yet in general business conditions, but sentiment is better and the financial situation is healthy. The annual reports of the Banks now being published show somewhat smaller profits but strong liquid positions, and it is evident that there is plenty of capital to finance larger business operations when a sound basis is established. The annual addresses by the Bank Presidents to their shareholders carry an optimistic note, and express the opinion that business in Canada cannot long remain in a depressed condition.

India

The Bombay cotton market weakened during November, and spot business was limited to urgent requirements. The forward market also sagged in sympathy with the downward trend of American prices. The principal markets in Manchester goods remained closed on account of the activities of the Congress Party, but some sales have been effected in the retail bazaar, and kerbside business increased. No fresh orders, however, were placed, this being due to intimidation from pickets. Sales

of Indian goods increased in volume, but as the main desire was to clear stocks, prices were unremunerative. Calcutta reports by mail that jute prices were steady. The October tea crop showed a decline of 5,000,000 lbs., making the total decrease 39,500,000 lbs. November rainfall in most parts of India was seasonable, and standing crops made good progress. Rangoon reports by mail that rice prices have now fallen to their pre-war level, and that there is a complete lack of demand. Apart from a certain number of home enquiries, the timber trade is also stagnant. Demand for hardware remained dull and dealers made few sales.

Irish Free State

There is a brisk demand for cattle, especially for small beasts in good condition, and prices have been well maintained. Livestock have suffered somewhat in condition from the recent severe weather, but no serious outbreaks of disease have occurred. Supplies of fodder and grain are adequate. The potato yield has proved better than had been expected. Other root crops, though below average, are sound.

Foreign Reports

France

From Lloyds & National Provincial Foreign Bank Limited

Paris.—The trade returns for the first ten months of 1930 recorded imports valued at 43,764 million francs, as against 48,454 million francs for the first ten months of 1929 ; and exports valued at 36,162 million francs, as against a corresponding 1929 figure of 41,393 million francs. Thus the adverse visible trade balance for this period was 7,602 million francs, compared with 7,061 million francs the previous year. The situation on the Bourse is now well in hand. Weak positions have been taken over by the governing syndicates, and the danger of serious trouble thus averted. As a result of this steadying influence the recent Cabinet crisis had scarcely any effect upon the Bourse, and so it appears likely that the main sources of weakness have been removed. In view, however, of the long period of depression through which the Bourse has been passing, no return to normal conditions can be expected as yet.

Bordeaux.—The rosin market has lately been more active, and fair sales have been effected at rising prices. Dark rosin

has lately reacted in price, but pale rosin remains scarce and prices fully maintained. In the wine trade the usual slight seasonal decline in business is noticeable, but prices remain firm.

Le Havre.—Coffee prices have continued to fall, the decline being most marked for near month quotations. Offers are still plentiful, and demand has lately improved. Cotton prices have also fallen steadily, and demand is very limited.

Lille.—Conditions in the textile trades have steadily become worse, mainly as a result of the weakness in raw cotton prices. The recent political crisis, the approach of the holidays, and the renewal of wage discussion also proved adverse factors in early December. Cotton spinners are not able to operate at capacity, and there have lately been threats of labour troubles. The markets in flax, jute and hemp are very quiet, as spinners are limiting their commitments, owing to the possibility of higher wages being demanded, and to a new tax on flax.

Roubaix.—Trade in tops and noils has been affected by the weakness of raw wool prices. Spinners are limiting their purchases, and weak selling here and there does not improve matters. Merinos are expected to reach stability before long, but there is greater doubt over cross-breds. Fine wool combers are still working at full capacity, and have several months' work in hand. Other combers are not so well placed. Spinners have improved their position and have obtained more export orders. Weavers are finding some difficulty in keeping their mills fully employed, and merchants are slow in placing orders.

Marseilles.—Demand for ground-nuts has lately improved, and prices are firmer. The copra market has been dull and weak. Demand for olive oil has been restricted, but prices are hardening as a result of adverse reports from producing countries. Spain is the only country where there seems to have been a good harvest.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Brussels.—An appreciable rise in iron and steel prices has lately taken place, and although trade is still very quiet these price increases have been successfully maintained. In the coal trade there is a good demand for domestic fuel at firm prices, but foreign competition in industrial coal remains very keen, with the result that stocks at pit-head continue to grow and are now estimated to equal two months' production. Workers in

the sheet glass trade have lately accepted a 5 per cent wage reduction. Production will shortly be slightly increased, and efforts will be made also to expand sales, even at a sacrifice. Other branches of the glass industry remain depressed. On the Bourse, Government bonds remain firm. A new 4½ per cent loan of 21,000,000 florins has just been issued at 95¾, with the object of redeeming the 8 per cent American loan. Prices of industrial securities have again weakened.

Germany

From the Bank of British West Africa Limited.

German exports for November at RM. 870 million, although RM. 141 million lower than in October, exceeded imports by RM. 197 million. Including reparation deliveries the export surplus for the first 11 months amounts to RM. 1,421 million. On the Bourse prices fell again during early December, as American holdings of German shares were being thrown on the market, in most cases at 50 per cent below cost price. There was very little buying for investment purposes on the part of the public and the bulk of the shares sold must presumably have been taken up by the banks. During November the number of unemployed increased from 3,253,000 to 3,700,000, but the number of bankruptcies receded slightly to 829 and that of compositions to 467. The number of waggons loaded by the Reichs Railway has improved slightly of late, but is still far below last year's scale.

Holland

Industrial conditions are fairly satisfactory when allowance is made for the intensity of the trade depression. There has been no alarming increase in unemployment, the figure for which is 110,000. Agriculture, however, is very depressed, and the authorities are considering the possibility of giving direct aid by granting credit to peasant-farmers. Shipping is also in a deplorable state, and several vessels have discharged their crews on their return to Dutch ports. The colonies, too, and all interests connected with them are passing through a very difficult time. Stock Exchange prices are dull, in sympathy with world influences. Money remains easy.

Norway

The whaling season is now at its height. Conditions, though uneven, are satisfactory, but the oil market has lately

been somewhat inactive, as buyers have shown reserve. Some interest is taken in the proposal mooted at a meeting in London for a limitation of whaling, and Norwegian opinion is on the whole sympathetic. The pit-prop market has become weaker, mainly because buyers have lately become fully covered. There has been a little occasional interest in partly-square timber, but no real change in the market has occurred. Trade in round mining timber remains dull, as buyers and sellers are quite unable to agree on prices.

Sweden

Commodity prices have for the moment ceased to fall, and a better tone is in evidence on the Stock Exchange. Iron prices are firmer. This year's timber sales are being extended further into December than a year ago, but the sales for 1930 are only likely to amount to about 1,000,000 standards, or 180,000 standards less than last year. In the wood pulp industry interest centres on the agreement between Scandinavian and Central European countries to reduce output of sulphite pulp in 1931 by 15 per cent. This will lower Swedish production by 500,000 tons.

Denmark

Conditions have suddenly deteriorated during the past month, and the renewed decline in prices of agricultural produce is causing real anxiety. Prices are now far lower than is consistent either with the overhead charges of agriculture or with the general price-level of the country, and it is a question how long farmers' reserves will hold out. Bacon producers are perhaps the hardest hit, as prices have fallen by over 40 per cent. The Danish merchant fleet increased during October by 16,425 gross tons, thus bringing the total expansion for the year to date up to 50,000 gross tons. Freights, too, were a little firmer. The unemployment figure rose from 36,000 to 46,000 during November.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

Money remains cheap and abundant, and the trade depression and its consequences make it very difficult to find safe and profitable employment for funds. Freight traffic returns on the Federal Railways for the first ten months of 1930 were 15,870,000 tons. This was only 570,692 tons below the corre-

sponding 1929 figure. The smallness of the decrease is attributed to the rate reductions made by the Federal Railways a year ago, and the effect they had in retaining traffic which otherwise would have been lost. There is no improvement in the export section of the watch trade, and some anxiety is felt as to whether the trade conventions, due to expire on March 31st, will be renewed in their present form.

Spain

The Spanish exchange has fluctuated considerably under the influence of political events. A Republican movement was suppressed without great difficulty, but labour troubles and strikes continue in most parts of the country. The situation produced by the high cost of living was aggravated by a drought which held up agricultural work over the greater part of the Peninsula until the middle of December, and produced serious distress, particularly in the south of Spain. Recent statistics show that the unfavourable trade balance has been greatly reduced in the first ten months of 1930, compared with 1929, and that an excess of revenue over expenditure may be expected for the current year. A slight contraction in the 1930 wheat harvest is reported, but taking into account the surplus from 1929 it is calculated that the quantity harvested will suffice for internal purposes. Spanish interests have secured an important contract for the construction of an underground railway (Metro) in Buenos Aires, which it is estimated will cost 100 million pesetas. Spain is contributing 15 per cent of the capital, and will supply 60 per cent of the material. The contract between the Spanish oil monopoly and Russia terminates at the end of December, and a contract for the supply of 370,000 tons of Roumanian oil has been signed. It is hoped that the balance of the country's requirements for the year will be supplied by the Spanish Petrol Company, which has recently inaugurated a refinery at Teneriffe.

Morocco

From the Bank of British West Africa Limited

Trade conditions remain depressed, but no serious aggravation has occurred. Rain came at the end of November, and was general all over the country. The business outlook has consequently improved. Ploughing and sowing have everywhere been vigorously begun; the crop outlook is fair at the moment, and the condition of livestock has improved. The Government has come to the aid of farmers, and pressing debts

are to be paid. With the resumption of agricultural activity all round there has been a revival in some lines of business. The exports of phosphates are larger and there is some revival in retail trade. Building and constructional trades are active, and credit is a little easier.

The United States

Some anxiety has been caused by the recent banking failures which, in addition to a number of small local banks in the Southern States, have lately included one of the lesser New York banks. The stock and bond markets have been weak and restricted, but recent issues of United States Treasury Certificates have been heavily over-subscribed. Recent company reports have been disappointing, and commercial failures have remained heavy. Car-loadings showed a heavy decline in November, but have lately improved under the influence of Christmas trade. Base metal prices have been irregular. In the iron and steel trade there was a reduction from 111 to 107 in the number of furnaces in blast, and activity in the steel mills fell to 39 per cent of capacity. November production of standard cotton cloths exceeded sales and shipments, and stocks increased by 1·7 per cent during the month, while orders declined in volume. Stocks of motor tyres in makers' hands on November 1st, at 9,000,000, were 2,000,000 less than on the equivalent day in 1929, and there is believed to be a shortage of some sizes.

South America

From the Bank of London & South America Limited

Buenos Aires.—Harvesting operations are being actively conducted under favourable conditions, and damage to the crops is now known to be inconsiderable. The linseed crop will be the largest in the history of the country, and maize prospects are excellent. Estimates of exportable surplus of new crops are: Wheat, 5,000,000 tons, plus 500,000 tons carry-over from last season; linseed, 2,000,000 tons, plus 50,000 tons carry-over; and oats, 300,000 tons, plus 300,000 tons carry-over.

Monte Video.—The wool and cattle markets are dull. The general agricultural situation is favourable.

Valparaiso.—Business is quiet, but there is a fair demand for money. Movement in nitrate is brisker.

Bogota.—The situation has become more promising. Rain has been abundant and agricultural prospects have improved. Coffee supplies are limited and the market uncertain.

Statistics

Banking

1. BANK OF ENGLAND

Date.	Issue Department.		Banking Department.				
	Gold.	Notes in circulation.	Reserve and Proportion.		Bankers' Deposits.	Govt. Securities.	Discounts & Advances
	£ mn.	£ mn.	£ mn.	Per cent.	£ mn.	£ mn.	£ mn.
1929.							
Dec. 26 ..	*145·8*	*379·8*	*26·4*	*22·5*	*71·0*	*67·1*	*22·3*
1930.							
Nov. 26 ..	156·6	351·1	66·4	59·5	55·9	34·6	6·1
Dec. 3 ..	154·6	359·2	56·4	45·5	81·9	55·0	4·6
Dec. 10 ..	151·6	364·5	48·0	43·0	72·1	54·3	4·9
Dec. 17 ..	150·6	372·1	39·2	37·5	64·3	53·9	5·3
Dec. 24 ..	148·2	379·7	29·1	29·1	56·2	51·7	14·2

2. TEN CLEARING BANKS

Date.	Deposits.	Acceptances.	Cash.*	Call Money.	Bills.	Investments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1929.							
November ..	*1,789·0*	*215·2*	*243·0*	*144·3*	*233·2*	*249·2*	*989·6*
1930.							
June	1,829·4	130·0	251·2	145·7	273·3	248·0	977·1
July	1,830·9	124·5	243·2	145·3	286·4	255·8	966·7
August	1,803·8	121·7	236·0	137·2	281·2	265·4	950·7
September ..	1,800·7	117·8	233·0	136·2	285·7	270·1	941·9
October	1,827·7	116·4	239·7	145·2	297·9	272·1	938·8
November ..	1,838·0	116·3	238·1	138·9	311·4	279·9	935·4

* Includes balances with other banks and cheques in course of collection.

3. LLOYDS BANK. RATIO OF CURRENT ACCOUNT CREDIT BALANCES TO TOTAL DEPOSITS

Year.	Ratio.	Month.	Ratio.	
			1929	1930
			%	%
1902	58·2	January	46·8	45·1
1907	51·5	February	45·9	44·2
1914	49·9	March	45·2	44·5
1919	60·7	April	44·9	45·1
1920	56·7	May	44·1	44·0
1921	50·7	June	44·5	44·4
1924	51·0	July	45·4	44·7
1925	49·6	August	45·3	44·4
1926	48·6	September	45·3	44·7
1927	47·4	October	45·6	44·8
1928	46·4	November	44·7	44·8
1929	45·2	December	45·3	

Money, Exchanges and Public Finance

1. LONDON AND NEW YORK MONEY RATES

Date.	London. Bank Rate.	London. 3 Months' discount Rate.	London. Day-to-day Loans.	New York. Re-discount Rate.	New York. 90 Days' eligible Bank acceptances.	New York. Call Money.
1929.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Dec. 4 ..	*5*	*$4\frac{3}{4}$*	*3—$3\frac{1}{2}$*	*$4\frac{1}{2}$*	*4**	*6**
1930.						
Nov. 26 ..	3	$2\frac{3}{16}$—$\frac{7}{32}$	2—3	$2\frac{1}{2}$	2	2
Dec. 3 ..	3	$2\frac{1}{8}$	1—2	$2\frac{1}{2}$	2	2
Dec. 10 ..	3	$2\frac{3}{16}$—$\frac{1}{4}$	1—2	$2\frac{1}{2}$	2	2
Dec. 17 ..	3	$2\frac{5}{32}$—$\frac{7}{16}$	$1\frac{1}{2}$—2	$2\frac{1}{2}$	2	$2\frac{1}{2}$
Dec. 24 ..	3	$2\frac{5}{16}$	$1\frac{1}{2}$—2	2	2—$1\frac{7}{8}$	$2\frac{1}{2}$

* December 26

2. FOREIGN EXCHANGES

London on	Par.	1929. Dec. 23.	1930. Nov. 26.	1930. Dec. 3.	1930. Dec. 10.	1930. Dec. 17.	1930. Dec. 24.
New York ..	\$4·866	$4·88\frac{7}{32}$	$4·85\frac{9}{16}$	$4·85\frac{17}{32}$	$4·85\frac{27}{32}$	$4·85\frac{21}{32}$	$4·85\frac{5}{8}$
Montreal ..	\$4·866	4·93	$4·84\frac{15}{16}$	$4·85\frac{7}{8}$	$4·86\frac{1}{8}$	$4·86\frac{1}{2}$	$4·86\frac{9}{16}$
Paris	Fr. 124·21	123·85	$123·59\frac{1}{2}$	123·56	123·61	123·60	123·60
Berlin ..	Mk. 20·43	$20·37\frac{1}{4}$	20·37	$20·36\frac{1}{2}$	20·36	$20·36\frac{1}{4}$	$20·38\frac{1}{4}$
Amsterdam ..	Fl. 12·11	$12·09\frac{11}{16}$	$12·06\frac{5}{16}$	$12·06\frac{1}{2}$	12·06	$12·06\frac{1}{8}$	$12·05\frac{3}{8}$
Brussels ..	Bel. 35	$34·86\frac{1}{8}$	$34·82\frac{3}{4}$	$34·81\frac{1}{2}$	$34·76\frac{3}{4}$	$34·76\frac{1}{2}$	34·74
Milan ..	Li. 92·46	93·25	$92·77\frac{1}{2}$	92·65	$92·74\frac{1}{2}$	$92·75\frac{1}{4}$	92·75
Berne	Fr. $25·22\frac{1}{2}$	$25·09\frac{1}{4}$	$25·07\frac{3}{4}$	$25·06\frac{1}{4}$	25·06	$25·02\frac{3}{4}$	$25·01\frac{1}{4}$
Stockholm ..	Kr. 18·16	$18·09\frac{1}{2}$	18·09	$18·09\frac{3}{4}$	$18·10\frac{1}{4}$	$18·09\frac{1}{2}$	18·11
Madrid ..	Ptas. $25·22\frac{1}{2}$	$35·62\frac{1}{2}$	43·50	43·25	44·80	45·15	$45·57\frac{1}{2}$
Vienna ..	Sch. $34·58\frac{1}{2}$	$34·65\frac{1}{2}$	34·50	34·49	$34·51\frac{1}{2}$	34·48	$34·47\frac{1}{2}$
Prague ..	Kr. 164·25	$164\frac{1}{2}$	$163\frac{3}{4}$	$163\frac{3}{4}$	$163\frac{23}{32}$	$163\frac{21}{32}$	$163\frac{5}{8}$
Buenos Aires	47·62d.	$45\frac{1}{2}$	$38\frac{1}{4}$*	$38\frac{1}{2}$	$38\frac{1}{32}$	$37\frac{1}{8}$	$36\frac{3}{4}$
Rio de Janeiro	5·89d.	$5\frac{7}{16}$	$4\frac{23}{32}$	$4\frac{7}{8}$	$4\frac{13}{16}$	$4\frac{23}{32}$	$4\frac{11}{16}$
Valparaiso ..	Pes. 40	39·65	39·89	39·71	39·92	39·94	39·93
Bombay ..	18d.	$17\frac{15}{16}$	$17\frac{3}{4}$	$17\frac{3}{4}$	$17\frac{3}{4}$	$17\frac{25}{32}$	$17\frac{25}{32}$
Hong Kong ..	—d.	$20\frac{7}{16}$	$15\frac{5}{16}$	15	$14\frac{1}{16}$	$13\frac{5}{8}$	$13\frac{17}{32}$
Shanghai ..	—d.	$25\frac{15}{16}$	$19\frac{1}{32}$	$18\frac{13}{16}$	$17\frac{3}{4}$	$17\frac{7}{16}$	$17\frac{1}{2}$

* Nominal

3. PUBLIC REVENUE AND EXPENDITURE

Revenue.	To Dec. 20, 1930.	To Dec. 21, 1929.	Expenditure.	To Dec. 20, 1930.	To Dec. 21, 1929.
Income Tax ..	76·8	72·6	Nat. Debt Service ..	252·3	270·2
Sur-Tax	17·1	14·5	Local Taxation a/c payments	—	7·5
Estate Duties ..	59·2	57·1	Northern Ireland payments	3·7	3·2
Stamps	12·8	16·8	Other Cons. Fund Services	1·8	2·3
Customs	88·1	88·6	Supply Services	304·2	255·7
Excise	94·3	97·5	Ordinary Expenditure ..	562·1	538·9
Tax Revenue ..	350·2	349·1	Sinking Fund	37·9	35·4
Non-Tax Revenue ..	74·6	50·1	Self-Balancing Expenditure	49·6	49·6
Ordinary Revenue	424·8	409·2			
Self-Balancing Revenue	49·6	49·6			

Trade

1. PRODUCTION

Date.	Coal.*	Pig-iron.	Steel.
1929.	Tons mn.	Tons thou.	Tons thou.
November	*5·3*	*631*	*815*
1930.			
June	4·1	563	600
July	4·2	486	621
August	4·2	417	451
September	4·6	425	581
October	4·7	415	513
November	4·9	384	434

*Average weekly figures for month.

2. IMPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1929.	£ mn.	£ mn.	£ mn.	£ mn.
November	*48·5*	*30·0*	*28·1*	*108·2*
1930.				
June	37·6	20·4	24·5	83·4
July	39·2	19·1	26·0	85·2
August	37·1	17·5	24·2	79·9
September	36·7	16·5	24·6	78·7
October	44·1	18·1	27·7	90·9
November	40·6	16·5	21·6	79·4

3. EXPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1929.	£ mn.	£ mn.	£ mn.	£ mn.
November	*5·6*	*6·9*	*48·6*	*63·1*
1930.				
June	3·2	4·7	33·8	42·8
July	4·4	5·2	39·7	50·7
August	4·0	4·4	33·1	42·8
September	4·2	5·0	32·1	42·7
October	4·4	5·3	35·9	46·9
November	4·8	4·7	32·7	44·1

4. UNEMPLOYMENT

Date.	1925.	1926.	1927.	1928.	1929.	1930.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End of—						
January ..	11·5	11·0	12·0	10·7	12·2	12·6
February ..	11·3	10·4	10·9	10·4	12·2	13·1
March ..	11·1	9·8	9·8	9·5	10·1	14·0
April ..	10·9	9·1	9·4	9·5	9·9	14·6
May ..	10·9	14·3	8·7	9·8	9·9	15·3
June ..	11·9	14·6	8·8	10·7	9·8	15·4
July ..	11·2	14·4	9·2	11·6	9·9	16·7
August ..	12·1	14·0	9·3	11·6	10·1	17·1
September ..	12·0	13·7	9·3	11·4	10·0	17·6
October ..	11·4	13·6	9·5	11·8	10·4	18·7
November ..	11·0	13·5	9·9	12·1	11·0	19·1
December ..	10·4	11·9	9·8	11·2	11·1	

Percentage of Insured Workers.

Prices

1. WHOLESALE PRICES (average for month)

Date.	Index Number (1928–9 average = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
1929.					
November	*96·3*	*95.2*	*94·8*	*95·2*	*97·8*
1930.					
June..	84·9	89·0	87·4	84·6	89·8
July	83·8	86·1	86·8	82·3	90·2
August	82·4	85·7	87·4	82·5	89·9
September	80·4	85·8	86·2	81·6	89·0
October	78·4	85·1	83·5	79·2	86·5
November	78·0	83·8	81·9	77·7	87·0
November, 4th week ..	77·5	83·0	80·6	76·6	86·2
December, 1st week	76·5	83·1	80·6	76·4	85·5
„ 2nd week ..	76·0	82·2	80·6	76·0	85·3
„ 3rd week ..	75·5	81·8	80·1	75·6	85·0
„ 4th week ..	74·9	81·4	—	75·1	84·7

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische, Reichsamt.

2. RETAIL PRICES (end of month)

Date.	Food.	Rent (including rates).	Clothing.	Fuel and Light.	Other items included.	All items included.
1929.						
November ..	*59*	*52*	*115*	*75*	*80*	*67*
1930						
June	41	53	110—115	70	75	55
July	44	53	110	70	75	57
August ..	44	53	110	70	75	57
September ..	43	53	105—110	70—75	75	56
October ..	44	53	105—110	70—75	75	57
November ..	41	54	105	75	75	55

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat, No. 1 N. Manitoba.		Cotton, American Middling.	Wool, 64's tops avge.	Pig Iron, Cleveland No. 3.		Tin, Standard Cash.	Rubber, Plantation Sheet.
1929.	Per qr.		Per lb.	Per lb.	Per ton.		Per ton.	Per lb.
	s.	d.	d.	d.	s.	d.	£	d.
November ..	*53*	*1*	*9·63*	*34$\frac{1}{4}$*	*72*	*6*	*180$\frac{11}{16}$*	*8$\frac{1}{4}$*
1930.								
June	43	5	7·93	27$\frac{1}{4}$	67	6	136$\frac{3}{8}$	6$\frac{1}{4}$
July	40	0	7·56	26$\frac{7}{8}$	67	6	134$\frac{9}{16}$	5$\frac{3}{8}$
August ..	39	9	6·92	27$\frac{1}{4}$	65	1	135$\frac{1}{16}$	4$\frac{7}{8}$
September ..	34	5$\frac{1}{2}$	6·22	27	63	6	132$\frac{11}{16}$	4$\frac{1}{8}$
October ..	31	9	5·81	24$\frac{3}{8}$	63	6	117$\frac{9}{16}$	3$\frac{7}{8}$
November ..	30	1	6·07	24	63	6	113$\frac{9}{16}$	4$\frac{1}{2}$